

Charter Hall Retail REIT

Notice of extraordinary general meeting of unitholders and explanatory memorandum

**For a meeting to be held on 3 February 2014 at 3:00pm (Australian Eastern Daylight Time)
at Christie Conference Centre, Han Room, Mezzanine Level 3, Spring Street, Sydney NSW 2000**

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Separate Attachment

Proxy Form

10 January 2014

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Charter Hall Retail REIT
(ARSN 093 143 965)

Dear Unitholder

Charter Hall Retail REIT - Extraordinary General Meeting of Unitholders

The directors of Charter Hall Retail Management Limited, the responsible entity of Charter Hall Retail REIT, invite all Unitholders to an extraordinary general meeting of Unitholders of the REIT, to consider the matters set out in the enclosed Notice of Meeting and Explanatory Memorandum.

The Meeting will be held on 3 February 2014 at 3:00pm (Australian Eastern Daylight Time).

Please find enclosed the Notice of Meeting, Explanatory Memorandum, proxy form and business reply envelope.

If you are attending the Meeting, please bring the attached proxy form with you, as the barcode will assist in the registration process. If you are unable to attend, please complete and return your proxy form by no later than 3:00pm (Australian Eastern Daylight Time) on 1 February 2014 in accordance with the instructions on the attached proxy form.

If you require further information or have questions, please contact the Charter Hall Retail REIT Registry on +61 1300 303 063 (within and outside Australia).

I look forward to your attendance at the Meeting.

Yours sincerely



John Harkness
Chairman

Location of the meeting

Venue

The Meeting of Unitholders of Charter Hall Retail REIT will be held at:

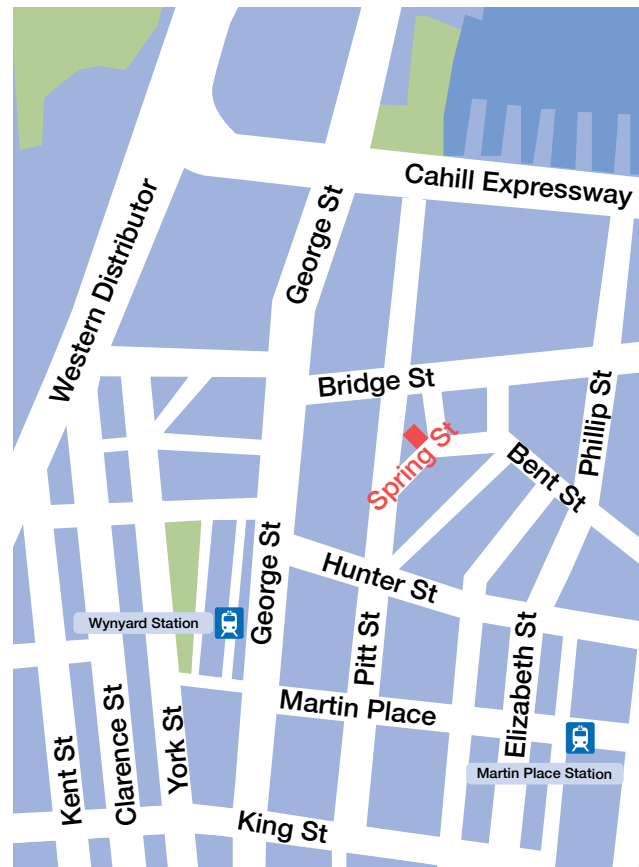
Christie Conference Centre
Han Room, Mezzanine Level
3 Spring Street
Sydney NSW 2000

Commencing

3:00pm (Australian Eastern Daylight Time)
Monday, 3 February 2014

3 Spring Street Sydney

See map for address details.



Meeting agenda

Monday 3 February 2014

2:30pm Registration begins
3:00pm Meeting commences
Welcome to Unitholders – Chairman
Items of Business

Meeting protocol

The Meeting is an important event and we encourage Unitholders to actively participate.

Important information about the conduct of the Meeting is set out below.

Voting on all of the resolutions will be conducted by way of a poll.

Discussion and asking questions

Discussion will take place on all the items of business as set out on page 6.

The Explanatory Memorandum provides further information relating to the items of business.

Unitholders will have the opportunity to ask questions at the Meeting.

To ensure that as many Unitholders as possible have the opportunity to speak, Unitholders are requested to observe the following guidelines:

- Please keep questions as brief as possible and relevant to the matters being discussed.
- If a Unitholder has more than one question, please ask all questions at the one time.

Unitholders who are unable to attend the Meeting or who prefer to register questions in advance are invited to do so. Please go to www.linkmarketservices.com.au, select Voting then log-in to “Ask a Question”.

An opportunity for discussion will be provided on each item of business prior to Unitholders being asked to vote.

Webcast and photography

For those that may not be able to attend the Meeting, a live broadcast of the Meeting will be available at www.charterhall.com.au.

For the safety and security of all those present at the Meeting, cameras and recording devices are not permitted.

Notice of meeting

Charter Hall Retail REIT (ARSN 093 143 965)

Notice is hereby given that an extraordinary general meeting of Unitholders of Charter Hall Retail REIT will be held at: Christie Conference Centre, Han Room, Mezzanine Level 3 Spring Street, Sydney NSW 2000 At 3:00pm on 3 February 2014.

Important Information:

- 1) **The resolutions should be read in conjunction with the Explanatory Memorandum which follows.**
- 2) **Certain terms and abbreviations used below are defined in the Glossary on page 12 of the Explanatory Memorandum accompanying this Notice of Meeting.**
- 3) **The Meeting will be held in accordance with the Corporations Act, the Listing Rules, and the REIT's Constitution. A copy of the REIT's current Constitution can be found on the Charter Hall Group's website www.charterhall.com.au/Funds/Retail/Charter-Hall-Retail-REIT/About/Corporate-Governance/.**

The business of the Meeting is as follows:

Resolution 1 – Ratification of institutional placement

To consider, and if thought fit, pass the following resolution, as an ordinary resolution of Unitholders:

"To ratify, for the purposes of Listing Rule 7.4 and for all other purposes, the issue of 21,052,632 fully paid ordinary units by Charter Hall Retail REIT at \$3.80 per unit on 28 November 2013 to certain institutional, professional and other wholesale investors under an institutional placement for the purposes and on the terms set out in the Explanatory Memorandum in the Notice of Meeting convening this meeting."

Resolution 2 – Approval of issue of units to Charter Hall Group

To consider, and if thought fit, pass the following resolution, as an ordinary resolution of Unitholders:

"To approve, for the purposes of Listing Rule 10.11 and for all other purposes, the issue of 2,186,273 fully paid ordinary units by Charter Hall Retail REIT at \$3.6635 per unit to a member of the Charter Hall Group, a related party of Charter Hall Retail REIT, under a placement for the purposes and on the terms set out in the Explanatory Memorandum in the Notice of Meeting convening this meeting."

Resolution 3 – Amendments to constitution

To consider, and if thought fit, pass the following resolution, as a special resolution of Unitholders:

"That the constitution of Charter Hall Retail REIT is amended, with effect from the date of lodgement with the Australian Securities and Investments Commission, in accordance with the provisions of the Supplemental Deed tabled at the meeting and signed by the Chair of the meeting for the purpose of identification, and that Charter Hall Retail Management Limited is authorised to execute the Supplemental Deed and lodge it with the Australian Securities and Investments Commission."

Entitlement to attend and vote

The Directors have determined that the holding of each Unitholder for the purposes of ascertaining the voting entitlements for the Meeting will be as it appears in the Register at 7:00pm on Friday 31 January 2014.

Voting by proxy

A Unitholder is entitled to appoint a proxy to attend and vote on behalf of the Unitholder at the Meeting. A proxy need not be a Unitholder of the REIT.

A Unitholder entitled to cast two or more votes at the Meeting may appoint two proxies and specify the proportion or number of votes each proxy is appointed to exercise. If the Unitholder appoints two proxies and does not specify the proportion or number of votes each proxy may exercise, then each proxy may exercise half of the votes.

A proxy form is attached to this Notice of Meeting. To be valid, proxy forms, and the authority under which any form appointing a proxy is signed or a certified copy of that authority (if any), must be received by no later than 3:00pm (Australian Eastern Daylight Time) on 1 February 2014 in accordance with the instructions listed on the attached proxy form.

Alternatively, Unitholders may vote online at www.linkmarketservices.com.au, by entering their holding details as shown on the proxy form, then selecting 'Voting', and then following the prompts to lodge their vote. To use the online lodgement facility, Unitholders will need their "Holder Identifier" (Unitholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).

If a Unitholder returns their proxy form but does not nominate a representative, the Chairman of the Meeting will be that Unitholder's proxy and will vote on that Unitholder's behalf as directed on the proxy form. If the Unitholder's nominated representative does not attend the Meeting, then that Unitholder's proxy will revert to the Chairman of the Meeting who may vote as he thinks fit in relation to any motion or resolution other than those (if any) in respect of which an indication of the manner of voting is given on that Unitholder's proxy form.

Undirected proxies

Where permitted, the Chairman of the Meeting in respect of each item of business intends to vote undirected proxies in favour of each of the items of business in the Notice of Meeting.

Voting by attorney

A Unitholder may appoint an attorney to vote on his/her behalf. For an appointment to be effective for the Meeting, the instrument effecting the appointment (or a certified copy of it) must be received by Link Market Services Limited using the contact details listed on the proxy form by no later than 3:00pm (Australian Eastern Daylight Time) on 1 February 2014.

Corporate representatives

A body corporate which is a Unitholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the Meeting. The appointment must comply with the requirements of section 253B of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed, unless it has previously been given to Link Market Services.

By order of the Board



Rebecca Pierro
Company Secretary
10 January 2014

Explanatory memorandum

Resolution 1 – Ratification of institutional placement

On 22 November 2013, the Responsible Entity announced a fully underwritten institutional placement to certain institutional, professional and other wholesale investors which raised gross proceeds of approximately \$80 million by way of the issue of 21,052,632 fully paid ordinary units at \$3.80 per unit. The units were issued pursuant to the REIT's 15% capacity under Listing Rule 7.1 (the **Institutional Placement**). The proceeds of the Institutional Placement were used to partially fund the acquisition of Rosebud Plaza.

Under Listing Rule 7.1, subject to certain exceptions, a listed entity may not issue equity securities in any 12 month period which exceed 15% of the number of securities of the entity on issue at the beginning of the 12-month period, except with the prior approval by the security holders of the entity of the precise terms and conditions of the proposed issue.

Under Listing Rule 7.4, an issue of securities made without security holder approval under Listing Rule 7.1 is treated as having been made with approval for the purposes of that Listing Rule 7.1, if the issue did not breach Listing Rule 7.1 and the holders of ordinary securities subsequently approve the issue.

Resolution 1 seeks the ratification by Unitholders of the issue of the 21,052,632 units pursuant to the Institutional Placement. The outcome of this Resolution 1 will have no effect on the issue of the 21,052,632 units to certain institutional, professional and other wholesale investors as these have already been issued within the REIT's annual 15% limit prescribed by Listing Rule 7.1.

For the purposes of Listing Rule 7.5, details of the Institutional Placement are as set out below:

- (i) Number of securities issued:
21,052,632 fully paid ordinary units
- (ii) Price at which securities were issued:
\$3.80 per unit
- (iii) The terms of the securities:
The units issued under the Institutional Placement rank equally in all respects with existing issued fully paid ordinary units of the REIT quoted on ASX, from their issue on 28 November 2013 and subsequent quotation by ASX.
- (iv) The name of the allottees:
The units were issued to certain institutional, professional and other wholesale investors who were identified by Citigroup Global Markets Australia Pty Limited and Macquarie Capital (Australia) Limited, the joint lead managers and underwriters of the Institutional Placement.
- (v) Use (or intended use) of funds raised:
The funds raised were used by the REIT to partially fund its acquisition of Rosebud Plaza.

If Resolution 1 is approved, Unitholders will ratify the issue of units under the Institutional Placement and preserve the REIT's capacity to issue up to the maximum number of units permitted within its annual 15% limit in the next 12 months under Listing Rule 7.1 and the Constitution, if required.

Directors' recommendation

The Directors unanimously recommend that Unitholders vote in favour of this resolution.

Voting exclusion statement

The Responsible Entity will disregard any votes cast on this Resolution by:

- (i) Any person who participated in the Institutional Placement and their associates.
- (ii) Any proxy holder, whether of a directed or undirected proxy, for any person who participated in the Institutional Placement and their associates.

However, the Responsible Entity need not disregard a vote if:

- (i) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 2 – Approval of issue of units to Charter Hall Group

On 22 November 2013, the Responsible Entity announced that Charter Hall Group (being a stapled entity comprising Charter Hall Limited and Charter Hall Funds Management Limited as responsible entity for Charter Hall Property Trust) had accepted its offer of a conditional pro-rata placement of 2,186,273 units at \$3.6635 per unit, which is subject to Unitholder approval (the Conditional Placement). The issue price per unit under the Conditional Placement reflects the price at which units were issued under the Institutional Placement, less an amount representing the December 2013 half-year distribution. This is because the units to be issued under the Conditional Placement, unlike the units issued under the Institutional Placement, do not carry any entitlement to the December 2013 half-year distribution.

Under Listing Rule 10.11, subject to certain exceptions, an entity must not issue or agree to issue equity securities, without the approval of holders of ordinary securities, to a related party or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained.

Charter Hall Group is a related party of CHRML in its capacity as responsible entity of the REIT.

Resolution 2 seeks the approval by Unitholders of the issue of the 2,186,273 units pursuant to the Conditional Placement.

For the purposes of Listing Rule 10.13, details of the Conditional Placement are as set out below:

- (i) Name of the relevant person:
Charter Hall Co-Investment Trust
- (ii) Maximum number of securities to be issued:
2,186,273 fully paid ordinary units
- (iii) The date by which the securities will be issued:
The date of the December 2013 REIT's half year results announcement, anticipated to be on or about 14 February 2014, and in any case no later than one month after the date of the Meeting

(iv) Nature of relationship between the parties:

CHRML (the responsible entity of the REIT) is a subsidiary of Charter Hall Limited, which is also the parent company of the responsible entity of Charter Hall Property Trust. The Charter Hall Co-Investment Trust is a sub-trust of Charter Hall Property Trust, and is therefore a related party of CHRML.

(v) The issue price of the securities and a statement of the terms of the issue:

The units will be issued at a price of \$3.6635 per unit, and will rank equally in all respects with existing issued fully paid ordinary units of the REIT quoted on ASX, from their issue and subsequent quotation by ASX.

(vi) Intended use of funds:

The funds raised will be used by the REIT to partially repay debt used to fund the acquisition of Rosebud Plaza.

If Resolution 2 is approved, the Conditional Placement will become unconditional and will raise approximately \$8 million in funds from the Charter Hall Group, which will be used to partially repay debt used to fund the REIT's acquisition of Rosebud Plaza.

Directors' recommendation

The Independent Directors unanimously recommend that Unitholders vote in favour of this resolution.

Voting exclusion statement

The Responsible Entity will disregard any votes cast on this Resolution by:

- (i) Charter Hall Group and its associates.
- (ii) Any proxy holder, whether of a directed or undirected proxy, for Charter Hall Group and its associates.

However, the Responsible Entity need not disregard a vote if:

- (i) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 3 – Amendments to constitution

CHRML proposes to amend the provisions of the Constitution of the REIT to allow CHRML to rely, in certain circumstances, on the more flexible unit pricing class order relief recently issued by ASIC when raising capital in the future. CHRML also proposes to make other amendments to the Constitution to give CHRML greater flexibility in its administration of the REIT and to modernise the terms of the Constitution by reflecting other changes in law, ASIC policy and market practice which have occurred since the Constitution was last amended in 2010.

A copy of the proposed supplemental deed that would give effect to the amendments to the Constitution can be viewed prior to the Meeting on the REIT's website at www.charterhall.com.au/cqr.

1. Background

Under the Corporations Act, the Constitution of the REIT must make adequate provision for the issue price of interests in the REIT. This requires the Constitution to set out prescriptive pricing provisions for the issue of units in the REIT.

Under the previous ASIC Class Order [CO 05/26] (Class Order 05/26) relief, on which the Constitution is currently partly based, these requirements were relaxed to allow a responsible entity to exercise limited discretions, provided certain pricing restrictions (e.g., maximum discounts) and other conditions were met, when setting the issue price for units in placements, rights issues, under security purchase plans and distribution reinvestment plans.

ASIC has recently completed a review of the issue price relief and determined to issue new unit pricing relief pursuant to ASIC Class Order [CO 13/655] (Class Order 13/655) to allow greater flexibility for responsible entities to set the price at which interests may be issued. All managed investment schemes registered from 1 October 2013 must operate under Class Order 13/655. For existing registered managed investment schemes, such as the REIT, the responsible entity may elect to opt in to take the benefit of the new unit pricing relief.

2. Proposed amendments

The effect of the proposed amendments is as follows:

Issue	Operation of current provisions ¹	Proposed amendments
Placements	While units are Officially Quoted, CHRML may at any time issue units to any person: (a) at the current Market Price of units; or (b) at a price which is not less than 85% of the weighted average market price, provided that CHRML complies with the ASX Listing Rules and any applicable ASIC relief – including a 15% annual volume cap. Even if units are issued by way of a placement at a price which is not less than 85% of the weighted average market price, there is current a separate pricing restriction in the Constitution which prohibits CHRML from issuing units at more than a 10% discount to the current Market Price without having obtained Member approval.	It is proposed that these provisions be amended so as to clarify that: (a) CHRML can determine the issue price for placements in its discretion without obtaining Unitholder approval provided that the issue price is not at more than a 10% discount to the current Market Price (ie, retaining this existing limit); and (b) units may be issued under a placement at an issue price which reflects a discount of more than 10% subject to CHRML first obtaining Unitholder approval. In order to avoid inconsistency with the ASX Listing Rules, it is also proposed to amend the Constitution so as to remove certain conditions in accordance with Class Order 13/655.
Rights issues	While units are Officially Quoted, CHRML may at any time issue units to all Unitholders without member approval by way of a rights issue provided that: (a) all members are offered units at the same Application Price on a pro rata basis; and (b) the Application Price is not less than 50% of the current Market Price.	It is proposed that these provisions be amended so as to allow CHRML to determine the issue price for rights issues in its discretion (i.e., removing the maximum discount) and removing certain other conditions in accordance with Class Order 13/655.
Distribution reinvestment plan	While units are Officially Quoted, the Application Price payable for each additional unit on reinvestment of distributions is determined with reference to the Market Price of the units after they go ex-distribution less such discount, if any, not exceeding 10% as CHRML determines.	It is proposed that these provisions be amended so as to allow CHRML to determine the issue price (including the method by which that price is determined) for distribution reinvestment in its discretion (i.e., removing the maximum discount) in accordance with Class Order 13/655.
Interest purchase plans	The current provisions of the Constitution do not include a specific mechanism allowing CHRML to issue units at a discount to existing Unitholders (up to an annual cap of \$15,000 per Unitholder) in accordance with ASIC Class Order [CO 09/425]. Under the current arrangements, CHRML is permitted to undertake interest purchase plans but there are restrictions around the price at which those interests may be issued.	It is proposed that CHRML include a provision in the Constitution giving CHRML power to issue units pursuant to interest purchase plans at a price determined by CHRML in accordance with ASIC Class Order [CO 09/425].
Power to issue options	Currently, the Constitution expressly contemplates that options may be issued, but that express power is limited to issues to existing members.	It is proposed that a more general power to issue options be included in the Constitution.

Note:

1. The capitalised terms which appear in this column and are not otherwise defined in this document, have the meaning given to those terms in the Constitution. For instance, 'current Market Price' generally means the volume weighted average price (VWAP) of units in respect of the 10-business-day period ending on the business day prior to the day on which the market price is being determined.

Issue	Operation of current provisions ¹	Proposed amendments
Options issued pro rata to members	The current provisions of the Constitution impose a maximum discount of 20% in relation to the exercise price for a unit to be issued on exercise of an Option, where the Option is issued pursuant to pari passu offer to all Members and subject to certain other conditions.	While it is not proposed to change the existing maximum discount of 20% for pro rata issues of options, it is proposed to remove certain other conditions in accordance with Class Order 13/655.
Power to issue financial instruments	Not applicable.	It is proposed that a provision expressly providing CHRML with the power to issue financial instruments such as convertible notes be included in the Constitution. Any redemption or conversion into units would be in accordance with applicable ASIC pricing relief and the provisions of the Constitution. To contemplate the REIT having financial instruments on issue, a number of consequential amendments will be required throughout the Constitution to ensure that relevant provisions applicable to units will apply equally to financial instruments (e.g., in relation to transfers, registers, notices to holders, complaints by holders, information from members, recoverable expenses etc.). These provisions will also be amended to apply equally to options where they do not already.
Constitutional amendments for statutory requirements	Clause 22.2 of the existing Constitution contemplates that the Constitution be able to incorporate, by reference, updated ASIC Policy and updated ASX Listing Rules requirements in certain circumstances.	It is proposed that this clause be amended to provide greater flexibility to CHRML such that, if the amended clause was in force, CHRML would be able to opt in to changes to ASIC policy (e.g., the unit pricing regime) from time to time without having to obtain Unitholder approval in accordance with a special resolution.
Information from unitholders	Not applicable	It is proposed that a clause be inserted into the Constitution which would require Unitholders to provide to CHRML any information that CHRML requests and which it reasonably believes is necessary to comply with the law, avoid amounts being withheld from any payments to the REIT or Unitholders, or lessen the risk of the REIT or any Unitholder suffering a material detriment. Such a clause would, for instance, assist CHRML in its compliance with legislation such as the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) and Chapter 4 of subtitle A of the Internal Revenue Code of 1986 (US), which is commonly referred to as FATCA, which can require responsible entities to enter into an agreement with the US Internal Revenue Service or provide information about US-based Unitholders.

Directors' recommendation

The Directors unanimously recommend that Unitholders vote in favour of this resolution.

Glossary

ASIC	Australian Securities and Investments Commission
ASX	ASX Limited or the Australian Securities Exchange, as relevant
Board	board of Directors of CHRML
Charter Hall Group	Charter Hall Limited (ACN 113 531 150) and Charter Hall Property Trust (ARSN 113 339 147) and their controlled entities
CHRML or the Responsible Entity	Charter Hall Retail Management Limited (ACN 113 531 150)
Conditional Placement	the conditional pro-rata placement of 2,186,273 fully paid ordinary units at \$3.6635 per unit to Charter Hall Group announced on 22 November 2013
Constitution	the constitution governing the REIT dated 21 July 1995 as amended from time to time
Corporations Act	the Corporations Act 2001 (Cth)
Directors	the directors of CHRML
Explanatory Memorandum	the explanatory memorandum that accompanies this Notice of Meeting
Independent Directors	John Harkness, Maurice Koop, and Alan Rattray-Wood
Institutional Placement	the issue of 21,052,632 fully paid ordinary units at \$3.80 per unit on 28 November 2013 to certain institutional, professional and other wholesale investors under a fully underwritten institutional placement
Listing Rules	Listing Rules of ASX
Meeting	the extraordinary general meeting of Unitholders of the REIT to be held on 3 February 2014
Notice of Meeting	this notice of Meeting and any notice of any adjournment of the Meeting
Register	the register of Unitholders as maintained by Link Market Services Limited
REIT	Charter Hall Retail REIT (ARSN 093 143 965)
Unitholder	registered holder of a unit in the REIT

Interpretation

The following rules apply unless the context requires otherwise:

- (a) The singular includes the plural, and the converse also applies.
- (b) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (c) A reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.

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Corporate Directory

Corporate head office and registered office

Charter Hall Retail REIT
ARSN 093 143 965

Charter Hall Retail Management Limited
as responsible entity of Charter Hall Retail REIT
ACN 069 709 468

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Sydney NSW 2000

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Lawyers

Allens
Deutsche Bank Place
Corner Hunter and Phillip Streets
Sydney NSW 2000

Auditor

PricewaterhouseCoopers
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201 Sussex Street
Sydney NSW 2000

Principal Register

Link Market Services
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Sydney NSW 2000

Telephone: 1300 303 063
Facsimile: +61 2 9287 0303
Proxy Facsimile: +61 2 9287 0309

Directors

Charter Hall Retail Management Limited

John Harkness (Chairman)
Maurice Koop
Alan Rattray-Wood
David Harrison
David Southon

Company Secretary

Rebecca Pierro

Securities Exchange

Australian Securities Exchange Limited

